

!Keywords: Bundling / Economic / Equilibrium / Marketing / Matching / Product Management / Sales / Sorting;

MAX 7 PBZZ + 7 PBSZ + 7 PBZW + 7 PBSW +
5 PLZZ + 5 PLSZ + 5 PLZW + 5 PLSW +
6 PEZZ + 6 PESZ + 6 PEZW + 6 PESW +
4.5 PHZZ + 4.5 PHSZ + 4.5 PHZW + 4.5 PHSW

SUBJECT TO

! Each customer buys exactly one bundle;

2) YBZZ + YBSZ + YBZW + YBSW = 1

3) YLZZ + YLSZ + YLZW + YLSW = 1

4) YEZZ + YESZ + YEZW + YESW = 1

5) YHZZ + YHSZ + YHZW + YHSW = 1

! Each customer's achieved surplus, S, must be at least

! as good as that possible from every bundle

6) XSZ + SB >= 450

7) XZW + SB >= 110

8) XSW + SB >= 530

9) XSZ + SL >= 75

10) XZW + SL >= 430

11) XSW + SL >= 480

12) XSZ + SE >= 290

13) XZW + SE >= 250

14) XSW + SE >= 410

15) XSZ + SH >= 220

16) XZW + SH >= 380

17) XSW + SH >= 390

! Compute the achieved surplus for each customer;

18) - 450 YBSZ - 110 YBZW - 530 YBSW + PBZZ + PBSZ
+ PBZW + PBSW + SB = 0

19) - 75 YLSZ - 430 YLZW - 480 YLSW + PLZZ + PLSZ
+ PLZW + PLSW + SL = 0

20) - 290 YESZ - 250 YEZW - 410 YESW + PEZZ + PESZ
+ PEZW + PESW + SE = 0

21) - 220 YHSZ - 380 YHZW - 390 YHSW + PHZZ + PHSZ
+ PHZW + PHSW + SH = 0

! Each product variable Pij must be..

! <= Xj

! <= Rij * Yij

! >= Xj - M + M * Yij

22) PBZZ <= 0 ! Empty bundle must have price = 0;

23) - 600 YBZZ + PBZZ >= - 600

24) PBSZ - XSZ <= 0

25) - 450 YBSZ + PBSZ <= 0

26) - 600 YBSZ + PBSZ - XSZ >= - 600

27) PBZW - XZW <= 0

28) - 110 YBZW + PBZW <= 0

29) - 600 YBZW + PBZW - XZW >= - 600

30) PBSW - XSW <= 0

31) - 530 YBSW + PBSW <= 0

32) - 600 YBSW + PBSW - XSW >= - 600

33) PLZZ <= 0

34) - 600 YLZZ + PLZZ >= - 600

35) PLSZ - XSZ <= 0

36) - 75 YLSZ + PLSZ <= 0

37) - 600 YLSZ + PLSZ - XSZ >= - 600

38) PLZW - XZW <= 0

39) - 430 YLZW + PLZW <= 0

40) - 600 YLZW + PLZW - XZW >= - 600

41) PLSW - XSW <= 0

42) - 480 YLSW + PLSW <= 0

43) - 600 YLSW + PLSW - XSW >= - 600

44) PEZZ <= 0

45) - 600 YEZZ + PEZZ >= - 600

46) PESZ - XSZ <= 0

47) - 290 YESZ + PESZ <= 0

48) - 600 YESZ + PESZ - XSZ >= - 600

49) PEZW - XZW <= 0

50) - 250 YEZW + PEZW <= 0

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51) - 600 YEZW + PEZW - XZW >= - 600
52)  PESW - XSW <= 0
53) - 410 YESW + PESW <= 0
54) - 600 YESW + PESW - XSW >= - 600
55)  PHZZ <= 0
56) - 600 YHZZ + PHZZ >= - 600
57)  PHSZ - XSZ <= 0
58) - 220 YHSZ + PHSZ <= 0
59) - 600 YHSZ + PHSZ - XSZ >= - 600
60)  PHZW - XZW <= 0
61) - 380 YHZW + PHZW <= 0
62) - 600 YHZW + PHZW - XZW >= - 600
63)  PHSW - XSW <= 0
64) - 390 YHSW + PHSW <= 0
65) - 600 YHSW + PHSW - XSW >= - 600
! Price of bundle should be <= sum of component prices;
66) - XSZ - XZW + XSW <= 0
! Price of bundle should be >= price of any component;
67) - XSZ + XSW >= 0
68) - XZW + XSW >= 0
END
! Make the "pick a bundle" variables 0/1
INTEGER    YBZZ
INTEGER    YBSZ
INTEGER    YBZW
INTEGER    YBSW
INTEGER    YLZZ
INTEGER    YLSZ
INTEGER    YLZW
INTEGER    YLSW
INTEGER    YEZZ
INTEGER    YESZ
INTEGER    YEZW
INTEGER    YESW
INTEGER    YHZZ
INTEGER    YHSZ
INTEGER    YHZW
INTEGER    YHSW

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